Pioneer Marine Inc. Announces Financial Results for the Quarter and Year Ended December 31, 2018

MAJURO, MARSHALL ISLANDS -- (GlobeNewswire – February 21, 2019) – Pioneer Marine Inc. and its subsidiaries (OSLO-OTC: PNRM) ("Pioneer Marine," or the "Company") a leading shipowner and global drybulk handysize transportation service provider announced its financial and operating results for the fourth quarter and year ended December 31, 2018.

Financial Highlights at a glance:

	Fourth quarter 2018	Year ended 2018
Adjusted Net income*	**$5.2 million**	**$8.2 million**
Time Charter equivalent ("TCE") revenue	**$17.6 million**	**$59.0 million**
Adjusted EBITDA*	**$9.1 million**	**$25.3 million**

Torben Janholt, Chief Executive Officer commented: "The end of the fourth quarter of 2018 marks a very successful year for Pioneer Marine. We are pleased to announce a total of $5.2 million adjusted net income for the fourth quarter of 2018 and $8.2 million for the year ended December 31, 2018.

"During the year we have enjoyed good commercial relations with our charterers and we were able to build new valuable contacts. Our strategy to cover more than half of our fleet during the fourth quarter at an average TC equivalent rate of $10,100 per day reaching into the second quarter of 2019, is successful and ensures a steady cash flow in early 2019 where the market has proven weak.

"The modern and well-maintained fleet enhanced with the addition of three young handysize vessels, a new compliance program, our continuous focus on the efficiency of the organization and competitive OPEX costs are important parts of Pioneer's results. These essential components will strengthen the Company's ability to successfully service our steadily increasing customer base."

*For reconciliation and definition of Adjusted Net Income and Adjusted EBITDA refer to "Summary of Operating Data (unaudited)" section within this press release.

2018 Events at a glance:

- Pioneer increased its fleet by three Korean built bulk carriers, the M/V Monterey Bay (2013 built 36,887 dwt) delivered on June 5, 2018, the M/V Alsea Bay (2011 built 36,892 dwt) delivered on June 18, 2018 and the M/V Liberty Bay (2012 built 36,892) delivered on July 2, 2018.

- The Company on June 13, 2018 entered into a credit facility with ABN Amro Bank N.V. for an amount of $64.4 million and on September 20, 2018 agreed a credit facility with DVB BANK SE for an amount of $29.3 million. Both facilities providing significantly improved terms were used to partially finance the three acquisitions and to refinance existing facilities.

- On September 6, 2018, the Board of Directors of Pioneer Marine Inc. declared a cash dividend of $0.91 per outstanding share of company's Common Stock. On September 20, 2018, the dividend of $24.9 million was paid by the Company.

- The Company entered into commercial management agreement with an affiliate of Interorient Navigation Company Limited Cyprus ("Interorient") to undertake the commercial management of two of the dry bulk vessels of Interorient's fleet, enhancing in this context its operating platform.

- The Company repurchased 3,203,218 of company's shares at a discounted price per share compared to the Company's Net Asset Value ("NAV").

Recent Events:

- On January 23, 2019 the Company entered into Memorandum of Agreement ("MOA") for the sale of M/V Paradise Bay (2003 built 46,232dwt) at an attractive price to an unrelated third party on a charter free basis. The sale was agreed as part of the Company's fleet renewal strategy.

- On January 9, 2019 an additional 125,633 of company's shares were repurchased at a discounted price per share compared to the Company's Net Asset Value ("NAV").

Financial Review: Year 2018

During the year, Pioneer generated positive income of $8.2 million before loss on debt extinguishment of $1.3 million, improved by an impressive 327% compared to 2017.

The company reported a total Adjusted EBITDA of $25.3 million approximately doubled compared to 2017.

TCE revenue for 2018 amounted to $59.0 million, a 29% increase over previous year results, due to the addition of three newly acquired modern Korean built Handysize vessels as well as improved market rates.

TCE per day for the year ended December 31, 2018 amounted to $9,413, increased by 18%. Further, our utilisation rate remained high at 97.6%. These positive results are due to Company's chartering strategy continuously outperforming the current market rates.

Cost reducing initiatives and optimisation of cost control procedures developed by the Company achieved a healthy OPEX rate of $4,484 per day, significantly reduced compared to $4,764 per day for 2017.

Efficient cost management throughout Company's departments contributed towards reducing the Adjusted G&A rate to $500 per day, a drop of 25.9% compared to previous year.

Drydock cost for the year amounted to $2.4 million as four vessels of our fleet performed their special surveys as compared to a cost of $3.2 million in 2017 due to the Special surveys of six vessels of our fleet.

Depreciation cost was $8.9 million impacted upwards due to fleet growth.

Interest and finance cost amounts to $6.1 million, an increase of 9.3% despite reduced margins agreed for our new facilities. The increase is mainly due to Libor rates upward trend along with increased average loan balance.

Financial Review: Fourth Quarter 2018

The fourth quarter of 2018 contributed a positive amount of $5.2 million to Company's annual results, marking a 104% increase compared to the fourth quarter of 2017.

Adjusted EBITDA totalled to $9.1 million for the quarter positively impacted from the reported TCE revenue of $17.6 million, a 27.9% increase compared to fourth quarter of 2017.

TCE rate of $10,090 for the quarter contributed positively to Company's bottom line and our strategy to cover more than half of our vessels under short term period charters will assist us to maintain profitability during the current weak markets.

Daily vessel OPEX were further reduced during this quarter to $4,040 per day, indicating a significant decline of approximately 14% compared to 2017 fourth quarter.

Similarly, daily G&A rate dropped by 13.2% to $531 per day as a result of our continuous efforts to keep this cost centre at competitive levels compared to our peers.

Depreciation cost amounts to $2.4 million impacted upwards due to fleet growth.

Interest and finance cost of $1.5 million was increased by 12.8% despite reduced margins agreed for our new facilities, mainly due to Libor rates upward trend along with increased average loan balance.

Cash Flow Review: Year ended December 31, 2018

Cash and cash equivalent, including restricted cash decreased by $47.0 million as at December 31, 2018 and amounted to $26.8 million as compared to $73.8 million as at December 31, 2017.

The decrease is attributable to $22.5 million cash used in financing activities, $39.4 million cash used in investing activities partially offset with $14.8 million cash provided by operating activities.

Cash flow activities highlights during the year include the $39.2 million paid for the three vessels acquired, the loan repayments and prepayments amounted to $81.1 million, payment of debt extinguishment fees and deferred finance fees of $1.2 million. Furthermore, during the year, the company paid a total of $9.1 million for repurchase of common stock and distributed $24.9 million as dividend to its shareholders.

The above transactions were partially offset with the loan proceeds of $93.7 million and the cash from operations of $14.8 million.

Liquidity & Capital Resources:

As of December 31, 2018, the Company had a total liquidity of $26.8million inclusive of $11.6 million in restricted cash. The Company has no capital commitments.

Current Fleet List

Owned Fleet

Vessel	Yard	DWT	Year Built
Handysize			
Calm Bay	Saiki Heavy Industries	37,534	2006
Reunion Bay	Kanda Shipbuilding	32,354	2006
Fortune Bay	Shin Kochijyuko	28,671	2006
Ha Long Bay	Kanda Kawajiri	32,311	2007
Teal Bay	Kanda Kawajiri	32,327	2007
Eden Bay	Shimanami Shipyard	28,342	2008
Emerald Bay	Kanda Shipbuilding	32,258	2008
Mykonos Bay	Jinse Shipbuilding	32,411	2009
Resolute Bay	Hyundai Vinashin	36,767	2012
Jupiter Bay	Tsuji Heavy Industries	30,153	2012
Venus Bay	Tsuji Heavy Industries	30,003	2012
Orion Bay	Tsuji Heavy Industries	30,009	2012
Falcon Bay	Yangzhou Guoyu Shipbuilding	38,464	2015
Kite Bay	Yangzhou Guoyu Shipbuilding	38,419	2016
Alsea Bay	Hyundai Mipo Dockyard Co. Ltd	36,892	2011
Liberty Bay	Hyundai Mipo Dockyard Co. Ltd	36,892	2012
Monterey Bay	Hyundai Mipo Dockyard Co. Ltd	36,887	2013
Handymax			
Paradise Bay*	Oshima Shipbuilding	46,232	2003
Supramax			
Tenacity Bay	Jiangsu Hantong Ship Heavy Industry	56,842	2008

Commercially Managed Fleet

Handysize			
Orient Target	Samjin Shipbuilding Co Ltd	33,755	2009
Orient Tide	Samjin Shipbuilding Co Ltd	33,755	2010

*M/V Paradise Bay is expected to be delivered to her new owners on or about April 2019.

Summary of Operating Data (unaudited)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Year Ended December 31, 2018	Year Ended December 31, 2017
Revenue, net	18,937	15,379	67,171	51,034
Voyage expenses	(1,350)	(1,630)	(8,149)	(5,263)
Time charter equivalent revenue	**17,587**	**13,749**	**59,022**	**45,771**
Vessel operating expense	(7,062)	(6,880)	(28,827)	(28,267)
Drydock expense	-	-	(2,449)	(3,213)
Depreciation expense	(2,427)	(2,005)	(8,936)	(8,157)
General and administration expense	(1,164)	(901)	(4,205)	(4,007)
Loss on vessel disposition	-	-	-	(62)
Loss on debt extinguishment	(2)	-	(1,289)	-
Restructuring costs	-	-	-	(1,286)
Interest expense and finance cost	(1,530)	(1,356)	(6,108)	(5,587)
Interest income	64	141	625	596
Other expenses and taxes, net	(290)	(208)	(884)	(793)
Net Income/(loss)	**5,176**	**2,540**	**6,949**	**(5,005)**
Adjusted net Income/(loss) (2)	**5,178**	**2,540**	**8,238**	**(3,657)**
Net Income /(loss) per share, basic and diluted	**0.19**	**0.09**	**0.25**	**(0.17)**
Adjusted net Income/(loss) per share, basic and diluted (2)	**0.19**	**0.09**	**0.29**	**(0.12)**

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Year Ended December 31, 2018	Year Ended December 31, 2017
Net Income /(loss)	5,176	2,540	6,949	(5,005)
Add: Loss on vessel disposition	-	-	-	62
Add: Restructuring costs	-	-	-	1,286
Add: Loss on debt extinguishment	2	-	1,289	-
Adjusted Net Income/(loss)	**5,178**	**2,540**	**8,238**	**(3,657)**
Add: Depreciation expense	2,427	2,005	8,936	8,157
Add: Drydock expense	-	-	2,449	3,213
Add: Interest expense and finance cost	1,530	1,356	6,108	5,587
Add: Other taxes	72	37	211	169
Less: Interest income	(64)	(141)	(625)	(596)
Adjusted EBITDA (1)	**9,143**	**5,797**	**25,317**	**12,873**

(1) Adjusted EBITDA represents net income/(loss) before interest, other taxes, depreciation and amortization, drydock expense, loss on vessel disposition, restructuring costs and loss on debt extinguishment and is used as a supplemental financial measure by management to assess our financial and operating performance. We believe that Adjusted EBITDA assists our management and investors by increasing the comparability of our performance from period to period. We believe that including Adjusted EBITDA as a financial and operating measure benefits investor in selecting between investing in us and other investment alternatives. Adjusted EBITDA does not represent and should not be considered as an alternative to net income/(loss) or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of Adjusted EBITDA may not be comparable to that reported by other companies.

(2) Adjusted net income/(loss) and related per share amounts is not a measure prepared in accordance with U.S. GAAP and should not be used in isolation or substitution of Company's results.

Vessel Utilization:	**Three Months Ended December 31, 2018**	**Three Months Ended December 31, 2017**	**Year Ended December 31, 2018**	**Year Ended December 31, 2017**
Ship days (2)	1,748	1,472	6,429	5,933
Less: Off-hire days	5	-	70	100
Less: Off-hire days due to drydock	-	8	89	97
Operating days (3)	1,743	1,464	6,270	5,736
Fleet Utilization (4)	99.7%	99%	97.6%	97%
TCE per day- $ (1)	10,090	9,391	9,413	7,980
Opex per day- $ (6)	4,040	4,674	4,484	4,764
Adjusted G&A expenses per day- $ (7)	531	612	500	675
Vessels at period end	19	16	19	16
Average number of vessels during the period (5)	19	16	17	16

(1) Time Charter Equivalent, or TCE revenue, are non-GAAP measures. Our method of computing TCE revenue is determined by voyage revenues less voyage expenses (including bunkers and port charges). Such TCE revenue, divided by the number of our operating days during the period, is TCE per day, which is consistent with industry practice. TCE revenue is included because it is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance irrespective of changes in the mix of charter types (i.e., spot charters and time charters), and it provides useful information to investors and management.

(2) Ship days: We define ship days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ship days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

(3) Operating days: We define operating days as the number of our ship days in a period less days required to prepare vessels acquired for their initial voyage and off-hire days associated with off-hire for undergoing repairs, drydocks or special surveys. The Company uses operating days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.

(4) Fleet utilization is defined as the ratio of operating days to ship days.

(5) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of ship days divided by the number of calendar days in that period.

(6) Opex per day: is calculated by dividing vessel operating expenses by ship days for the relevant time period.

(7) Adjusted G&A expenses per day: is calculated by dividing running general and administrative expenses by ship days for the relevant time period.

Condensed Consolidated Balance Sheets (Unaudited)
(In thousands of U.S. Dollars)

As at	December 31, 2018	December 31, 2017
ASSETS		
Cash & cash equivalents	15,218	61,354
Restricted cash (current and noncurrent)	11,577	12,468
Vessels, net	201,774	171,387
Other receivables	8,230	5,449
Other assets	141	62
Total assets	**236,940**	**250,720**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	4,340	4,249
Deferred revenue	682	656
Total debt, net of deferred finance costs	105,674	92,535
Total liabilities	**110,696**	**97,440**
Shareholders' equity	126,244	153,280
Total liabilities and shareholders’ equity	**236,940**	**250,720**

Condensed Consolidated Statement of Cash Flows (Unaudited)
(In thousands of U.S. Dollars)

	Year Ended December 31, 2018	Year Ended December 31, 2017
Cash flows from operating activities		
Net Income/ (Loss)	6,949	(5,005)
Adjustments to reconcile net income/ (loss) to net cash provided by operating activities:		
Depreciation	8,936	8,157
Amortization of deferred finance fees	552	807
Loss on debt extinguishment	1,289	-
Loss on vessel disposition	-	62
Write off of receivable from shipbuilding yard	-	88
Changes in operating assets and liabilities	(2,883)	(1,519)
Net cash provided by operating activities	**14,843**	**2,590**
Cash flows from investing activities		
Payments for vessel acquisition and improvements	(39,240)	(391)
Cash proceed from vessel sale	-	6,982
Purchase of other fixed assets	(130)	(15)
Net cash (used in)/provided by investing activities	**(39,370)**	**6,576**
Cash flows from financing activities		
Loan Proceeds	93,710	-
Payment of Debt extinguishment fees	(775)	(120)
Loan repayments and prepayments	(81,090)	(17,046)
Payment of deferred finance fees and other loan fees	(375)	-
Repurchase of common stock	(9,116)	-
Dividends paid	(24,854)	-
Net cash used in financing activities	**(22,500)**	**(17,166)**
Net decrease in cash and cash equivalents	**(47,027)**	**(8,000)**
Cash and cash equivalents and Restricted cash at the beginning of the year	73,822	81,822
Cash and cash equivalents and Restricted cash at year end	**26,795**	**73,822**

About Pioneer Marine Inc.

Pioneer Marine is a leading ship owner and global drybulk handysize transportation service provider. Pioneer Marine currently owns seventeen Handysize, one Handymax and one Supramax drybulk carriers and is commercial manager of two Handysize vessels.

Forward-Looking Statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the failure of counterparties to fully perform their contracts with us, the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for dry bulk vessel capacity, changes in our operating expenses, including bunker prices, drydock and insurance costs, the market for our vessels, availability of financing and refinancing, charter counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other factors.

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